

Form EDC

Virginia Department of Taxation Taxpayer Application for Qualified Equity and Subordinated Debt Investments Tax Credit

Tax Year Ending

_____, 20____

Submit this form by April 1. Credit must be approved before being claimed on your tax return. See instructions for details.

Name _____	
SSN or FEIN _____	
Street Address _____	
City, State and ZIP Code _____	E-Mail _____

Entity Type: (Check one) ☐ Individual ☐ Partnership ☐ LLC ☐ S Corporation

If you made a cash investment in a qualifying business in the form of qualified equity or subordinated debt, submit this application with the Virginia Department of Taxation. The Department will determine the allowable credit amount. The credit is equal to 50% of the amount of all qualifying investments made during the taxable year. The aggregate amount of credit that may be claimed per taxpayer per year is limited to the amount of tax or \$50,000, whichever is less. The credit is nonrefundable; however, excess credit may be carried forward for up to fifteen years. The Department of Taxation will prorate the allowable credits if total annual requests exceed \$3 million. Penalties and forfeiture of this credit may apply if the equity investment is held for less than three years following the year the credit is allocated or on any subordinated debt investment that is held for less than three years. **IMPORTANT:** See instructions for details on when and where to submit the application. Submitting a late application will disqualify you for the credit.

PART I - BUSINESS ENTITY IDENTIFICATION

Complete a section for each qualifying investment. You must have a Department issued qualified business certification from each qualifying business. Do not include investments in which you or any family members, or any entity affiliated with you, receives or has received compensation from the qualified business in exchange for services provided to the business as an employee, officer, director, manager, independent contractor or otherwise connected within one year before or after the date of investment. Attach additional pages if needed.

1. Name Of Qualified Business Entity _____

2. Certificate Number From Form QBA Provided By The Qualified Business _____

3. Name And Type Of Investment (i.e. equity or subordinated debt) _____

Date Qualified Investment Made _____ Amount Of Qualified Investment \$ _____ .00

Purchased From _____

1. Name Of Qualified Business Entity _____

2. Certificate Number From Form QBA Provided By The Qualified Business _____

3. Name And Type Of Investment (i.e. equity or subordinated debt) _____

Date Qualified Investment Made _____ Amount Of Qualified Investment \$ _____ .00

Purchased From _____

PART II - TOTAL CREDIT REQUESTED

1. **TOTAL QUALIFIED INVESTMENT** (including any amounts listed on separate pages) \$ _____ .00

2. Multiply Total Qualified Investment (Line 1) Amount By **0.5** (50%) Enter Result Here \$ _____ .00

3. Total number of Qualified Investments _____

PART III - DECLARATION

Under penalty of law, I have read and understand the limitations and restrictions for this credit.

Taxpayer Signature _____ Title _____

Printed Name _____ Date _____ Phone _____

Tax Preparer Name _____ Phone _____

Address _____

Instructions for Form EDC, Application for Qualified Equity and Subordinated Debt Investment Tax Credit

When to Submit Application

Submit Form EDC as soon as possible after receiving all QBA certifications for qualified investments made during 2007 and as soon as possible BEFORE your tax filing deadline. Taxpayers making a qualified investment during calendar year 2007, **MUST** submit this application and all supporting documentation no later than April 1, 2008.

What to Attach

Attach the following items:

- A copy of the qualified business certification (issued to the business by Department of Taxation);
- A business statement, on the **business' letterhead**, describing:
 - the investment by amount, type and date; and
 - verification that the investment meets the definition of a qualified investment for purposes of claiming the credit pursuant to *Code of Virginia* Section 58.1-339.4. Title 23 of *Virginia Administrative Code* (VAC) 10-110-225 et seq. provides regulations on how this credit applies.

Where to Submit Application

Submit Form EDC and attachments to the **Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or you may fax it to **804-786-2800**.

What to Expect from the Department of Taxation

All applicants should receive a letter acknowledging their EDC application. If you have applied by the April 1 deadline and have not received an acknowledgment letter from us by May 15 please call the Tax Credit Unit at 804-786-2992. The Virginia Department of Taxation will review all applications for completeness and notify taxpayers of any errors by June 1. If any additional information is needed, it must be provided no later than June 15 in order for the investment to be considered for the tax credit. All eligible taxpayers shall be notified by June 30 as to the allowable credit amount that may be claimed for the qualified investment. If the total eligible credit requests received exceed the Commonwealth's annual \$3 million limitation, each taxpayer shall be granted a pro rata amount as determined by the department. The amount of credit that is deducted from the requested amount via proration is lost.

What Does the Taxpayer Need to Do

Upon receiving notification of the allowable credit amount, taxpayers may claim the allowable credit amount on the applicable Virginia income tax return and compute any carryover credit amount.

IMPORTANT

Taxpayers who do not receive notification of allowable credit amounts before their Virginia income tax return due date must file the appropriate return extension request or file their regular return without the credit and then file an amended tax return after receipt of notification of the allowable credit amount to claim the tax credit.

Required Investor Holding Period

Equity and/or subordinated debt received in connection with a qualified business investment must be held by the taxpayer for at least three calendar years following the calendar year for which the credit is allocated except in any of the following: the liquidation of the qualified business issuing the equity, a merger, consolidation or other acquisition of the business with or by a party not affiliated with the business or, death of the taxpayer.

Penalty for Not Meeting the Required Holding Period

If the required holding period is not met, the taxpayer must forfeit the unused credit amount and will be assessed for the credit utilized, to which shall be added interest, computed at the rate of 1% per month, compounded monthly from the date the tax credits were claimed.

Pass-Through Entities

Each pass-through entity must File **Form PTE** with the Department of Taxation within 30 days after the credit is granted. This information should be sent to: **Department of Taxation, ATTN: Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715** or you may fax it to **804-786-2800**.

All pass-through entities distributing this credit to its owner(s), shareholders, partners or members must give each a Schedule VK-1, Owner's Share of Income And Virginia Modifications And Credits.

Where To Get Help

Write the **Department of Taxation, ATTN: Tax Credit Unit, P. O. Box 715, Richmond, VA 23218-0715** or call **804-786-2992**. To order forms or a copy of regulations call **804-440-2541**. Visit **www.tax.virginia.gov** to obtain most Virginia income tax forms and additional tax information. Forms are also available from your local Commissioner of the Revenue, Director of Finance or Director of Tax Administration.

Tenemos servicios disponible en Español.

Virginia Tax Bulletin 00-5, dated July 31, 2000, and Title 23 of *Virginia Administrative Code* (VAC) 10-110-225 provide additional information on this credit. To obtain this bulletin, see "Where To Get Help" above.